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MONTANA LEGISLATIVE HISTORY

Chapter 411 ~~19~~ 2000

Bill H _____ S _____ Original bill & history ✓ C

H. Committee on TAX			S. Committee on TAX		
Hearing Date(s)	4/2	✓ C	Hearing Date(s)	4/14	✓ C
	4/3	✓ C			C
		C			C
		C			C
Date Out		C			

Did this bill originate in an interim committee? ____Yes ✓ No

Committee _____ Report _____

MINUTES

MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on February 14, 2001 at 8;00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:	Senate Bill 350, 1/31/2001;
	Senate Bill 351, 1/31/2001;
	Senate Bill 400, 2/9/2001;
	Senate Bill 427, 2/9/2001
Executive Action:	Senate Bill 427 Pass 7-0
	Senate Bill 400 Hold

HEARING ON SENATE BILL 427

Sponsor: **SENATOR ROYAL JOHNSON**, SD 5, Billings

HEARING ON SENATE BILL 350

Sponsor: **SENATOR JON ELLINGSON**, SD 33, Missoula

Proponents: **Byron Roberts, Montana Building Industry Association; Roger Halver, Montana Association of Realtors; Betty Whiting, Montana Association of Churches; Julie Ippolito, HRDC Director's Council**

Opponents: None

Informational Witness: **Bruce Brensdal, Montana Board of Housing**

Opening Statement by Sponsor: **SENATOR ELLINGSON** presented the bill. SB 350 would allow a 50% tax credit for contribution to the Revolving Loan Account, up to a maximum of $10 thousand dollars per year. He suggested, since the revenue impact of this bill has not been sufficiently studied, a sunset could be placed on the bill to review this fiscal impact. ***{Tape : 3; Side : A; Approx. Time Counter : 16.7 - 21}***

Proponents' Testimony: **Byron Roberts** discussed the housing afford ability problem. The cost of an average new home has just exceeded $150,000. We are in a situation since 1990, where housing costs have doubled, lot costs have tripled and salaries have remained stagnant. Montana has one of the highest home ownership in the nation, approaching 70%. For the other 30%, it is a significant problem. In 1990, the Montana Board of Housing financed one out of ten homes. Last year, it was one out of five. According to HUD, we should be spending no more than 1/3 of our disposable income on housing. More and more people are falling under that line. He felt this bill would help these people. ***{Tape : 3; Side : A; Approx. Time Counter : 21 - 23.5}***

Roger Halver, representing the Montana Association of Realtors, supported the bill. He described this as a tax choice, not a tax demand. Money that goes into the Affordable Housing Revolving Loan Account is a tool whereby low and middle income families could afford housing.

Betty Whiting, Montana Association of Churches, spoke in support of the Housing Trust Fund. She said the funds could be used to fill in the gaps to build homes that otherwise could not be built. It could also be used to get more federal funds. There are a large number of people in Montana that cannot afford rents for houses. This bill would help fund the trust that was started two years ago.

Julie Ippolito, representing the Human Resources Development Council Director's Association, spoke in favor of the bill. She said this was a means to provide funding for low income housing. Out of 323,000 households, 79,000 are below poverty level, with 16% of those being senior citizens.

Opponents' Testimony: None

Informational Witnesses: **Bruce Brunsdel**, Executive Director for the Montana Board of Housing and Administrator of the Revolving Loan Account, said he was available for any questions.

Questions from Committee Members and Responses: **SENATOR STONINGTON** asked if there were any private donations made into the Housing Trust Fund. **Mr. Brunsdel** said currently there was not private donations. **SENATOR STONINGTON** asked if there were any way to make this known to the public to encourage contributions. **Mr. Brunsdel** said he could find out if that was possible. **SENATOR STONINGTON** suggested considering ways to publicize this as a possible charitable contribution as there might be some interest. ***{Tape : 3; Side : A; Approx. Time Counter : 23.5 - 30}***

EXECUTIVE ACTION ON SENATE BILL 427

SENATOR STONINGTON MOVED DO PASS. The question was called. The motion **PASSED** unanimously 7-0 with **SENATORS EKEGREN AND BOHLINGER** being absent.

EXECUTIVE ACTION ON SENATE BILL 400

SENATOR STONINGTON MOVED DO PASS. SENATOR GLASER pointed out this would have the effect of locking taxes in place, forever, at a dollar amount, not locking it in as a percentage. These are revenue bonds and you can't cut the revenue off. The Legislature would have to come back and guarantee this revenue at the current dollars as it deals with two major sections of the law. You can't change the ratios, you can't change the percentages, you can't change the dollar amount. You are married to this because the Constitution says once that revenue starts you can't cut it off when you have committed revenue to bonds. This is one bill that should not pass for this reason. If a counties population goes down, or if a counties consumption goes down, if the formulas change, we have to protect them because they have the bonding that is fed by the revenue stream. ***{Tape : 3; Side : B; Approx. Time Counter : 0 - 9.2}***

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB STORY,** on April 2, 2001 at 8:001 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 400, SB 411, SB 350, 3/28/2001

REP. SOMERVILLE asked if there was a list for ethanol producers. **SEN. KITZENBERG** said the list had been double checked. He explained stations where the owner may not have known ethanol would be available.

CHAIRMAN STORY asked about definitions of gasohol. **SEN. KITZENBERG** answered no, there was not a definition within the statute.

CHAIRMAN STORY asked if there was a minimal amount of ethanol to be blended. **Mike Allen** said the federal government has the definitions on the amount added. He thought the typical blend was ten percent.

Closing by Sponsor:

SEN. SAM KITZENBERG, SD 48, GLASGOW, mentioned HB 644 having a definition of ethanol, which was ten percent for blending. He addressed the supply and demand of ethanol and the uses for the state. He felt ethanol would be good in the long term for economics and growth of the state.

HEARING ON SB 350

Sponsor: **SEN. JON ELLINGSON, SD 33, MISSOULA**

Proponents: **Roger Halver, MT. Association of Realtors**
Byron Roberts, Building Industry Association

Opponents: **None**

Opening Statement by Sponsor:

SEN. JON ELLINGSON, SD 33, MISSOULA, stated this bill would offer affordable housing loan accounts. He said this was an additional funding mechanism for the revolving loan accounts. He talked about credits provided for certain contributions to the endowment. He referred to sections of the bill and explained tax credits. He mentioned HB 57 and HB 273 coming through the process along with this bill sharing costs involved. This bill, as drafted, would permit a credit for cash contributions and he didn't think it would have a strong effect on the general fund. He touched on the technical amendments and concerns towards this legislation.

{Tape 2; Side A}

Proponents' Testimony:

Roger Halver, MT. Association of Realtors, asked for support of SB 350 offering a tool to low income families in Montana. He mentioned areas of the state with low income housing and how this would assist those areas. He talked about the revolving loan account and how it would be beneficial to the state.

Byron Roberts, Building Industry Association, thought the housing costs had doubled and the area of home ownership had become a problem for the state. He stated how young people could not afford a home with the current high pricing and this bill would assist people to have affordable housing available.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. CARNEY asked for clarification of the deduction and credit that would be available. **SEN. ELLINGSON** answered by offering the clarifications.

REP. CARNEY asked about the contributions to endowment. **SEN. ELLINGSON** explained contributions and how it pertains as giving a gift to a charity as a life time interest.

REP. CARNEY asked if this would be an outright contribution. **SEN. ELLINGSON** answered yes.

REP. BALYEAT wondered about the provision for a planned gift. He asked about the credit given and possibly reducing the percentage. **SEN. ELLINGSON** said currently, the bill does not offer a planned gift. He explained the contribution and designation of a revolving loan account being qualified as the charitable endowment. **CHAIRMAN STORY** pointed to sections of the bill that explain the gift and endowment process.

REP. BALYEAT asked about the credit for an outright gift. **SEN. ELLINGSON** felt the focus would be pertaining a life time interest of income through assets.

REP. SOMERVILLE asked if this would fund a trust. **SEN. ELLINGSON** answered no. He said it would be a revolving loan account and offered the definition of a trust.

REP. SOMERVILLE asked about loaning out the principal. **SEN. ELLINGSON** didn't think the loan account would be zeroed out by loaning out everything. He mentioned the value of the account and how it would be retained.

REP. SOMERVILLE referred to the fiscal note and asked if the Department of Commerce would be able to operate this without opening another position. **SEN. ELLINGSON** referred to the technical note and didn't know if an extra person would be needed, and offered the resources would be available if other bills passed.

REP. KARL WAITSCHIES asked why it was 20%. **SEN. ELLINGSON** said it referred to corporate taxpayers.

REP. WAITSCHIES asked if they could add an amendment offering 40% endowment. **SEN. ELLINGSON** said whatever the amount was, would be available for the credit endowments. He explained the 40% of the affordability.

CHAIRMAN STORY asked about a $10,000 credit for a contribution. **SEN. ELLINGSON** said that was not the intent of the bill and would be on an annual basis.

Closing by Sponsor:

SEN. JON ELLINGSON, SD 33, MISSOULA, felt this would be a good mechanism to fund the revolving loan account and offer housing for low income families. He said it would offer increase funding in the long term for the state.

EXECUTIVE ACTION ON SB 280

Motion: REP. CARNEY moved SB 280 BE CONCURRED IN.

Discussion:

REP. BALYEAT opposed the bill and didn't think there was a strong argument for this legislation.

REP. RICK DALE wondered about clarification of the reinstating the fuel tax.

REP. GARY FORRESTER asked if this would be a tax increase. **REP. SOMERVILLE** explained how the bill was requested and it may be classified as a tax increase.

REP. WAITSCHIES felt the bill to be a good idea for aviation. He mentioned airport maintenance.

Vote: Motion carried 17-3 with REP. BALYEAT, REP. FORRESTER and REP. FUCHS voting no.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB STORY**, on April 3, 2001 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 512, SB 505, SB 494
4/2/2001
Executive Action: SB 400, SB 411, SB 350

REP. JACKSON thought there were enough incentives in the bill.

Motion/Vote: REP. FUCHS moved SB 411 BE TABLED. Motion carried 18-2 with REP. WANZENRIED and REP. WAITSCHIES voting no.

EXECUTIVE ACTION ON SB 350

Motion: REP. STORY moved SB 350 BE AMENDED. Amendments were handed out **EXHIBIT(tah75a10).**

Discussion:

CHAIRMAN STORY explained the amendment and how a contribution could be made towards an endowment.

Substitute Motion: REP. ESP made a substitute motion eliminating Section one and Section two of the bill and amend.

Discussion:

REP. ESP explained that there will be better eligibility by eliminating these sections.

REP. WAITSCHIES agreed with the elimination and explained the cash contributions.

REP. ERICKSON thought the deduction was way too high.

Substitute Motion: REP. ERICKSON made a substitute motion Section one would be cut in half and reduce the deduction.

Vote: Substitute Motion (Rep. Erickson) carried 11-9 with REP. SOMERVILLE, REP. ANDERSEN, REP. BALES, REP. BALYEAT, REP. CYR, REP. DALE, REP. DEVLIN, REP. FORRESTER and REP. FUCHS voting no.

Substitute Motion: REP. ESP made a substitute motion moving amendment to take out direct contribution.

Discussion:

REP. WAITSCHIES wondered if that would reinstate the endowment credit to 40%. **CHAIRMAN STORY** explained the section would be out of the bill.

REP. ERICKSON wanted to keep the first section in because it would offer planned gifts for those who are unable to utilize.

Vote: Substitute Motion (Rep. Esp) failed 4-16 with REP. WAITSCHIES, REP. FUCHS, REP. BALYEAT and REP. JACKSON voting aye.

Motion/Vote: REP. ESP moved SB 350 BE CONCURRED IN AS AMENDED. Motion carried 19-1 with REP. BALYEAT voting no.